

**HAMILTON COUNTY
WEBSTER CITY, IOWA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020

**HAMILTON COUNTY
WEBSTER CITY, IOWA
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WEBSTER CITY, IOWA
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INTRODUCTORY SECTION

**HAMILTON COUNTY
WEBSTER CITY, IOWA
ORGANIZATION
JUNE 30, 2020**

Name	Title	Term Expires
Rick Young	Board of Supervisors	December 2022
Doug Bailey	Board of Supervisors	December 2020
Dan Campidilli	Board of Supervisors	December 2020
Kim Schaa	County Auditor	December 2020
Judy Warwick	County Treasurer	December 2022
Kim Anderson	County Recorder	December 2022
Douglas Timmons	County Sheriff	December 2020
Patrick Chambers	County Attorney	December 2022
Kevin Bahrenfuss	County Assessor	December 2021

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Hamilton County
Webster City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton County (the County), Iowa, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton County as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, budgetary comparison schedule of receipts, disbursements and changes in balances - budget and actual (cash basis), the budgetary comparison schedule - budget to GAAP reconciliation, the schedule of the County's proportionate share of the net pension liability, the schedule of County's pension contributions, and the schedule of changes in the County's total OPEB liability, related ratios and notes, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton County's basic financial statements. The nonmajor governmental funds combining balance sheet, the nonmajor governmental funds combining schedule of revenues, expenditures, and changes in fund balances, the agency fund combining statement of changes in assets and liabilities, and the schedule of revenues by source and expenditures by function – all governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Supplementary Information (Continued)

The nonmajor governmental funds combining balance sheet, the nonmajor governmental funds combining schedule of revenues, expenditures, and changes in fund balances, the agency fund combining statement of changes in assets and liabilities, and the schedule of revenues by source and expenditures by function – all governmental funds, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020, on our consideration of Hamilton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hamilton County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
October 26, 2020

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REQUIRED SUPPLEMENTARY INFORMATION

**HAMILTON COUNTY
WEBSTER CITY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Hamilton County (the County) provides this management's discussion and analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020 (FY20). We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- Governmental activities revenue was approximately \$24.1 million in FY20, compared to \$29.6 million in FY19. Capital grants and contributions decreased primarily due to the transfer of a building from the Van Diest Medical Center in FY19.
- Program expenses were approximately \$20.6 million in FY20, compared to \$19.3 million in FY19. Roads and transportation increased approximately \$650,000 due to the shop building fire. Mental health increased approximately \$580,000 due to a transfer to MHDS Region.
- Net position increased approximately \$3.49 million for FY20 over the June 30, 2019 balance.
- The County issued general obligation refunding bonds totaling \$6,270,000 during fiscal year 2020.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other information as follows:

- *Management's Discussion and Analysis* introduces the basic financial statements and provides an analytical overview of Hamilton County's financial activities.
- The *Government-wide Financial Statements* consist of a statement of net position and a statement of activities. These provide information about the activities of Hamilton County as a whole and present an overall view of the County's finances.
- The *Fund Financial Statements* tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Hamilton County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Hamilton County acts solely as an agent or custodian for the benefit of those outside the government (Agency Funds).
- *Notes to Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

USING THIS ANNUAL REPORT (Continued)

- *Required Supplementary Information* further explains and supports the financial statements with a comparison of the County's budget for the year, the schedule of the County's proportionate share of the net pension liability and related contributions, as well as presenting the schedule of changes in the County's total OPEB liability, related ratios, and notes.
- *Supplementary Information* provides detailed information about the nonmajor governmental funds, the individual agency funds, and revenues by source and expenditures by function for all governmental funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about activities which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The statement of net position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as "net position." Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are displayed in the statement of net position and the statement of activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) General Fund, 2) Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) Capital Project Funds, 4) Debt Service Funds and 5) a permanent fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) Proprietary funds account for the County's Internal Service - Employee Group Health Insurance Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for employee health insurance, emergency management services, and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the governmental fund financial statements.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Hamilton County's net position for FY20 totaled approximately \$51.5 million. This compares to FY19 at approximately \$48 million. The analysis that follows focuses on the changes of the net position for our governmental activities.

**Net Position of Governmental Activities
(Expressed in Thousands)**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Current and other assets	\$ 30,424,053	\$ 32,824,408
Capital assets	<u>51,989,276</u>	<u>44,666,127</u>
Total assets	82,413,329	77,490,535
Deferred outflows of resources	1,511,317	1,561,331
Long-term debt outstanding	21,435,885	21,286,328
Other liabilities	<u>953,320</u>	<u>862,632</u>
Total liabilities	22,389,205	22,148,960
Deferred inflows of resources	<u>10,051,607</u>	<u>8,908,377</u>
Net position:		
Net investment in capital assets	44,966,940	40,673,690
Restricted	7,903,595	9,642,453
Unrestricted	<u>(1,386,701)</u>	<u>(2,321,614)</u>
Total net position	<u>\$ 51,483,834</u>	<u>\$ 47,994,529</u>

Governmental activities net position increased by \$3.49 million from FY19.

The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements, increased from a deficit of negative \$2.3 million at June 30, 2019 to a deficit of negative \$1.4 million at the end of this fiscal year, an increase of 40.3%. This is primarily due to changes in the net pension liability and related deferred inflows and outflows, and revenues exceeding expenditures.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Changes in Net Position of Governmental Activities
(Expressed in Thousands)**

	Year ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for service	\$ 2,277,500	\$ 3,261,856
Operating grants and contributions	6,597,912	7,077,102
Capital grants and contributions	3,243,218	8,388,992
General revenues:		
Property taxes levied for general purposes	8,412,172	7,726,277
Tax increment financing collections	697,002	552,110
Local option sales tax	656,013	600,541
Investment earnings	455,438	527,540
Other general revenues	1,724,446	1,464,744
Total revenues	24,063,701	29,599,162
Program expenses:		
Public safety and legal services	3,807,424	3,527,335
Physical health and social services	1,746,596	1,803,221
Mental health	1,953,406	1,374,868
County environment and education	2,240,606	1,865,620
Roads and transportation	7,240,982	6,590,789
Governmental services to residents	526,700	534,990
Administration	1,884,236	1,746,192
Nonprogram	726,195	1,514,083
Interest on long-term debt	448,251	306,169
Total expenses	20,574,396	19,263,267
Increase in net position	\$ 3,489,305	\$ 10,335,895

Revenues for governmental activities decreased approximately \$5.5 million over the prior year due to the capital contributions recognized in FY19 from the Van Diest Medical Center. Property tax revenue increased over the prior year approximately \$686,000, or 8.9%.

Hamilton County's county-wide levy rate increased slightly from 10.33042 per \$1,000 of valuation in FY19 to 10.83238 in FY20. The rural assessed property taxable valuation increased by \$10 million for a total of \$610,760,594 and countywide assessed property valuation increased by \$21 million for a total of \$952,494,471.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

INDIVIDUAL MAJOR FUND ANALYSIS

As Hamilton County completed the year, its governmental funds reported a combined fund balance of \$18,497,095, compared to \$21,474,711 combined fund balance for FY19. This is a decrease of \$2,977,616 (including the decrease in inventory).

The General Fund, the operating fund for Hamilton County, ended FY20 with a fund balance totaling \$1,863,619 whereas FY19 ended with a \$2,289,825 balance, a decrease of \$426,206. The decrease was primarily the result of transfers to capital projects and the conference center funds. Taxable property valuations increased from \$931,446,430 in FY19 to \$952,484,471 in FY20, an increase of \$21,048,041. The levy rate increased by 0.51056 to 6.53807 for FY20.

The Mental Health Fund ended with a \$141,231 fund balance for FY20, whereas FY19 ended with \$545,484, a decrease of \$404,253. The levy rate decreased from 0.35291 in FY19 to 0.34431 in FY20, a decrease of 0.00860.

The Rural Service Fund ended with a \$736,371 fund balance for FY20 compared to the prior year balance of \$896,348, a decrease of \$159,977. The levy rate remained at 3.9500 in FY20 representing no change from FY19. Property valuations increased from \$600,803,768 in FY19 to \$610,760,594 in FY20, an increase of \$9,956,826.

The Secondary Roads Fund ended FY20 with a \$3,730,250 fund balance compared to the prior year balance of \$4,484,113, a decrease of \$753,863, including a decrease in inventory. The decrease in fiscal year 2020 is primarily due costs incurred as a result of a fire occurring in 2019.

The Drainage Fund ended FY20 with a \$695,170 fund balance compared to the prior year balance of \$790,191, a decrease of \$95,021. The change was not significant to the fund.

The Hospital Debt Service Fund is designed for the purpose of flowing through payments collected from the Hospital to pay for debt. The Hospital Debt Service Fund restricted fund balance is equal to the amount receivable from the Hospital. The fund ended FY20 with a \$9,839,750 fund balance.

BUDGETARY HIGHLIGHTS

Hamilton County amended the budget at various times during fiscal year end June 30, 2020. In total, the budgeted revenues were decreased by approximately \$146,000. The primary revenue source adjusted through these amendments was in an increase to intergovernmental revenues of \$1.0 million, offset by a decrease in miscellaneous revenues of \$1.3 million. Actual revenues were under budget by approximately \$1.5 million. The expenditure budget was increased by approximately \$4.4 million in fiscal year 2020. The largest increase in budgeted expenditures related to capital outlay expenditures. The capital outlay budget amendments accounted for \$2.3 million increase as well as an increase in roads and transportation for \$570,000 and debt service for \$640,000. Actual expenditures were under budget by \$5.2 million due to the timing of construction activity.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County had approximately \$52.0 million invested in capital assets at the end of FY20, compared to \$43.1 million in FY 2019. The increase is primarily due to road projects completed with the use of farm to market funds, and a new radio equipment system.

**Capital Assets, Net of Depreciation
(Expressed in Thousands)**

	2020	2019
Land	\$ 4,263,708	\$ 4,253,708
Construction in progress	4,168,031	2,307,645
Right of Way	1,518,750	1,518,750
Buildings and improvements	15,519,856	14,749,484
Land improvements	959,529	979,872
Machinery and equipment	5,488,946	3,085,548
Infrastructure	20,070,456	17,771,120
 Total	 \$ 51,989,276	 \$ 44,666,127

More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2020, Hamilton County had approximately \$17.5 million in capital notes and other debt outstanding compared to \$17.1 million at June 30, 2019. The majority of the long-term debt is Hospital general obligation bonds and TIF revenue bonds for the ethanol project.

**Outstanding Long-Term Obligations
(Expressed in Thousands)**

	2020	2019
General obligation bonds and notes	\$ 15,975,274	\$ 14,595,770
Urban renewal tax increment revenue bonds	414,113	777,797
Drainage warrants and improvement certificates	465,021	1,066,702
Loan payable	126,524	145,933
Compensated absences	509,449	541,209
 Total	 \$ 17,490,381	 \$ 17,127,411

The Constitution of the state of Iowa limits the general obligation debt a county can issue and have outstanding to five percent of the assessed value of all taxable property within the County's corporate limits. Hamilton County's outstanding general obligation debt is below this limit. More detailed information about the County's long-term debt is presented in Note 6 to the financial statements.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ECONOMIC FACTS AND NEXT YEAR'S BUDGETS AND RATES

Hamilton County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that apply for the various County services. One of those factors is the economy. We also look very closely at the percentage of fund balance to expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Hamilton County's finances, and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Hamilton County Auditor's Office, 2300 Superior Street, Webster City, Iowa 50595.

BASIC FINANCIAL STATEMENTS

**HAMILTON COUNTY
WEBSTER CITY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS	
Cash and investments	\$ 8,355,652
Receivables:	
Property tax:	
Delinquent	139,720
Succeeding year	9,053,223
Interest and penalty on property tax	55,913
Accounts	21,333
Accrued interest	17,231
Drainage assessments	540,993
Note	9,840,000
Due from other governments	735,021
Inventories	1,479,360
Prepaid items	185,607
Capital assets not being depreciated	9,950,489
Capital assets being depreciated, net	<u>42,038,787</u>
Total assets	82,413,329
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	1,406,635
OPEB related	28,036
Amount on refunding	<u>76,646</u>
Total deferred outflows of resources	1,511,317
LIABILITIES	
Accounts payable	256,244
Accrued interest payable	30,152
Salaries and benefits payable	140,992
Contracts payable	489,466
Due to other governments	36,466
Long-term liabilities:	
Portion due within one year:	
Compensated absences	313,341
Notes, leases, bonds	2,791,025
Portion due in more than one year:	
Compensated absences	196,108
Notes, leases, bonds	14,189,907
Net pension liability	3,726,780
Total OPEB liability	<u>218,724</u>
Total liabilities	22,389,205
DEFERRED INFLOWS OF RESOURCES	
Pension related	968,776
OPEB related	29,608
Succeeding year property tax	<u>9,053,223</u>
Total deferred inflows of resources	10,051,607
NET POSITION	
Net investment in capital assets	44,966,940
Restricted for:	
Supplemental levy purposes	310,886
Mental health purposes	143,399
Rural services purposes	743,807
Secondary roads purposes	3,730,250
Drainage warrants and certificates	1,236,163
Conservation land and capital improvements	248,639
Debt service	371,187
Other purposes	1,119,264
Unrestricted	<u>(1,386,701)</u>
TOTAL NET POSITION	<u><u>\$ 51,483,834</u></u>

See accompanying Notes to Financial Statements.

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**HAMILTON COUNTY
WEBSTER CITY, IOWA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Public safety and legal services	\$ 3,807,424	\$ 230,627	\$ 9,095	\$ -	\$ (3,567,702)
Physical health and social services	1,746,596	153,343	658,411	-	(934,842)
Mental health	1,953,406	22,231	904,731	-	(1,026,444)
County environment and education	2,240,606	1,138,488	111,522	68,299	(922,297)
Roads and transportation	7,240,982	85,907	4,911,223	3,147,545	903,693
Governmental services to residents	526,700	338,127	-	-	(188,573)
Administration	1,884,236	50,718	2,600	-	(1,830,918)
Nonprogram	726,195	258,059	330	27,374	(440,432)
Interest on long-term debt	448,251	-	-	-	(448,251)
Total	<u>\$ 20,574,396</u>	<u>\$ 2,277,500</u>	<u>\$ 6,597,912</u>	<u>\$ 3,243,218</u>	<u>(8,455,766)</u>
GENERAL REVENUES					
Property tax levied for general purposes					8,412,172
Penalty and interest on property tax					24,398
State tax credits					657,718
Tax increment financing collections					697,002
Local option sales tax					656,013
Investment earnings					455,438
Gain on dispositions					232,631
Miscellaneous					809,699
Total general revenues					<u>11,945,071</u>
CHANGE IN NET POSITION					<u>3,489,305</u>
Net position - beginning of year					<u>47,994,529</u>
NET POSITION - END OF YEAR					<u>\$ 51,483,834</u>

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>
ASSETS				
Cash and investments	\$ 1,926,672	\$ 139,611	\$ 719,357	\$ 2,410,002
Receivables:				
Property tax:				
Delinquent	101,755	6,676	27,594	-
Succeeding year	5,868,005	384,987	2,484,863	-
Interest and penalty on property tax	55,913	-	-	-
Accounts	18,446	-	-	-
Accrued interest	1,927	-	-	-
Drainage assessments	-	-	-	-
Note	-	-	-	-
Due from other governments	71,033	-	13,124	603,737
Prepaid items	9,093	-	-	3,551
Inventories	-	-	-	1,479,360
Total assets	<u>\$ 8,052,844</u>	<u>\$ 531,274</u>	<u>\$ 3,244,938</u>	<u>\$ 4,496,650</u>
LIABILITIES				
Accounts payable	\$ 129,279	\$ 165	\$ 2,025	\$ 74,099
Salaries and benefits payable	75,465	2,723	13,899	39,439
Contracts payable	-	-	-	489,466
Due to other governments	30,245	-	344	225
Total liabilities	<u>234,989</u>	<u>2,888</u>	<u>16,268</u>	<u>603,229</u>
DEFERRED INFLOWS OF RESOURCES				
Succeeding year - property tax	5,868,005	384,987	2,484,863	-
Unavailable revenue - other	86,231	2,168	7,436	163,171
Total deferred inflows of resources	<u>5,954,236</u>	<u>387,155</u>	<u>2,492,299</u>	<u>163,171</u>
FUND BALANCES				
Nonspendable	9,093	-	-	1,482,911
Restricted for:				
Supplemental levy purposes	297,527	-	-	-
Mental health purposes	-	141,231	-	-
Rural services purposes	-	-	736,371	-
Secondary roads purposes	-	-	-	2,247,339
Drainage warrants and certificates	-	-	-	-
Conservation land and capital improvements	248,639	-	-	-
Debt service	-	-	-	-
Other purposes	-	-	-	-
Unassigned	1,308,360	-	-	-
Total fund balances	<u>1,863,619</u>	<u>141,231</u>	<u>736,371</u>	<u>3,730,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,052,844</u>	<u>\$ 531,274</u>	<u>\$ 3,244,938</u>	<u>\$ 4,496,650</u>

See accompanying Notes to Financial Statements.

<u>Drainage</u>	<u>Hospital Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 695,170	\$ -	\$ 1,496,891	\$ 7,387,703
-	-	3,695	139,720
-	-	315,368	9,053,223
-	-	-	55,913
-	-	2,887	21,333
-	15,304	-	17,231
540,993	-	-	540,993
-	9,840,000	-	9,840,000
-	-	47,127	735,021
-	-	-	12,644
-	-	-	1,479,360
<u>\$ 1,236,163</u>	<u>\$ 9,855,304</u>	<u>\$ 1,865,968</u>	<u>\$ 29,283,141</u>
\$ -	\$ 250	\$ 43,570	\$ 249,388
-	-	9,466	140,992
-	-	-	489,466
-	-	5,652	36,466
-	250	58,688	916,312
-	-	315,368	9,053,223
540,993	15,304	1,208	816,511
<u>540,993</u>	<u>15,304</u>	<u>316,576</u>	<u>9,869,734</u>
-	-	20,910	1,512,914
-	-	-	297,527
-	-	-	141,231
-	-	-	736,371
-	-	-	2,247,339
695,170	-	-	695,170
-	-	-	248,639
-	9,839,750	385,077	10,224,827
-	-	1,119,264	1,119,264
-	-	(34,547)	1,273,813
<u>695,170</u>	<u>9,839,750</u>	<u>1,490,704</u>	<u>18,497,095</u>
<u>\$ 1,236,163</u>	<u>\$ 9,855,304</u>	<u>\$ 1,865,968</u>	<u>\$ 29,283,141</u>

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**HAMILTON COUNTY
WEBSTER CITY, IOWA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2020**

Total governmental fund balances \$ 18,497,095

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 51,989,276

Long-term liabilities, including bonds payable, capital leases, accrued interest payable, compensated absences, other postemployment benefits, and drainage warrants are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Notes, leases, bonds, warrants, and compensated absences	(17,490,381)
Net pension liability	(3,726,780)
Accrued interest payable	(30,152)
Deferred amount on refunding	76,646
Other postemployment benefits liability	(218,724)

Recognition of deferred inflows of resources as revenue on the government-wide financial statements:

Long-term interest receivable on pass-through note receivable for pass through monies related to the general obligation hospital bonds	15,304
Drainage assessments earned by execution of the services performed	540,993
Delinquent property taxes outstanding from previous years assessments	97,043
Grant revenues earned upon expending the funding	163,171

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources	1,434,671
Deferred inflows of resources	(998,384)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.

1,134,056

Net position of governmental activities **\$ 51,483,834**

**HAMILTON COUNTY
WEBSTER CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>
REVENUES				
Property and other county tax	\$ 5,369,666	\$ 314,192	\$ 2,525,670	\$ -
Tax increment financing collections	-	-	-	-
Interest and penalty on property tax	24,398	-	-	-
Intergovernmental	2,039,724	26,309	134,230	4,367,310
Licenses and permits	16,925	-	-	10,790
Charges for services	1,516,627	-	-	7,650
Use of money and property	421,390	-	-	-
Miscellaneous	213,021	934	113	71,958
Total revenues	<u>9,601,751</u>	<u>341,435</u>	<u>2,660,013</u>	<u>4,457,708</u>
EXPENDITURES				
Current:				
Public safety and legal services	3,024,019	-	547,142	-
Physical health and social services	1,515,703	-	87,640	-
Mental health	1,161,169	745,688	-	-
County environment and education services	1,455,852	-	104,482	-
Roads and transportation	-	-	358,533	6,742,446
Governmental services to residents	517,497	-	-	-
Administration	1,706,407	-	74,193	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital outlay	2,532,112	-	75,000	380,865
Total expenditures	<u>11,912,759</u>	<u>745,688</u>	<u>1,246,990</u>	<u>7,123,311</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,311,008)	(404,253)	1,413,023	(2,665,603)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	80,000	1,758,000
Transfers out	(778,500)	-	(1,653,000)	-
Proceeds from the sale of capital assets	203,491	-	-	-
Bond proceeds	2,459,811	-	-	-
Payment to escrow agent	-	-	-	-
Premium on bond issuance	-	-	-	-
Insurance proceeds	-	-	-	380,742
Drainage warrant/drainage improvement certificates issued	-	-	-	-
Total other financing sources (uses)	<u>1,884,802</u>	<u>-</u>	<u>(1,573,000)</u>	<u>2,138,742</u>
NET CHANGE IN FUND BALANCES	(426,206)	(404,253)	(159,977)	(526,861)
Fund balances - beginning of year	2,289,825	545,484	896,348	4,484,113
Decrease in inventories	-	-	-	(227,002)
FUND BALANCES - END OF YEAR	<u>\$ 1,863,619</u>	<u>\$ 141,231</u>	<u>\$ 736,371</u>	<u>\$ 3,730,250</u>

See accompanying Notes to Financial Statements.

<u>Drainage</u>	<u>Hospital Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 810,210	\$ 9,019,738
-	-	697,002	697,002
-	-	-	24,398
27,374	-	106,709	6,701,656
-	-	-	27,715
797,814	-	258,768	2,580,859
12,706	215,820	6,256	656,172
394,961	-	257,978	938,965
<u>1,232,855</u>	<u>215,820</u>	<u>2,136,923</u>	<u>20,646,505</u>
-	-	10,900	3,582,061
-	-	-	1,603,343
-	-	-	1,906,857
-	-	492,844	2,053,178
-	-	-	7,100,979
-	-	-	517,497
-	-	10,340	1,790,940
726,195	-	-	726,195
1,313,919	1,736,070	1,668,600	4,718,589
-	-	1,697,659	4,685,636
<u>2,040,114</u>	<u>1,736,070</u>	<u>3,880,343</u>	<u>28,685,275</u>
(807,259)	(1,520,250)	(1,743,420)	(8,038,770)
-	-	1,350,515	3,188,515
-	-	(757,015)	(3,188,515)
-	-	29,140	232,631
-	-	3,810,189	6,270,000
-	-	(2,620,368)	(2,620,368)
-	-	312,913	312,913
-	-	-	380,742
<u>712,238</u>	<u>-</u>	<u>-</u>	<u>712,238</u>
<u>712,238</u>	<u>-</u>	<u>2,125,374</u>	<u>5,288,156</u>
(95,021)	(1,520,250)	381,954	(2,750,614)
790,191	11,360,000	1,108,750	21,474,711
-	-	-	(227,002)
<u>\$ 695,170</u>	<u>\$ 9,839,750</u>	<u>\$ 1,490,704</u>	<u>\$ 18,497,095</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2020**

**Amounts reported for governmental activities in the statement
of activities are different because:**

Net change in fund balances - total governmental funds \$ (2,750,614)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Expenditures for capital assets	6,470,312
Depreciation expense	(2,285,777)
Loss on disposal of capital assets	(8,931)
Capital contributions	3,147,545

Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the governmental funds. (343,722)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Drainage certificates and warrants issued	(712,238)
Repayments of certificates and warrants	1,313,919
Long-term debt issued	(6,270,000)
Premium on bonds issued	(312,913)
Principal repayments of bonds, notes and capital leases	5,551,093
Amount on refunding	(12,954)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:

Other postemployment benefits	(38,888)
Compensated absences	31,760
Accrued interest on long-term debt	3,239
Amortization of premium	35,409

Governmental funds report County pension contributions as expenditures are made.

However, in the statement of activities, pension expense is the cost of benefits earned, cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.

Pension contributions	665,776
Pension expense	(876,523)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the statement of activities reports these items as expenses in the period that the corresponding asset is exhausted. (227,002)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds.

109,814

Change in net position of governmental activities

\$ 3,489,305

**HAMILTON COUNTY
WEBSTER CITY, IOWA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

	Internal Service - Hamilton County PSF
ASSETS	
Cash and Investments	\$ 967,949
Prepaid insurance	172,963
Total assets	1,140,912
LIABILITIES	
Accounts payable	6,856
NET POSITION	
Unrestricted	\$ 1,134,056

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020**

	<u>Internal Service - Hamilton County PSF</u>
OPERATING REVENUE	
Intra-county reimbursements	\$ 2,256,627
OPERATING EXPENSES	
Medical claims	2,116,474
Administrative fees	<u>30,339</u>
Total operating expenses	<u>2,146,813</u>
Operating income	109,814
NET POSITION - BEGINNING OF YEAR	<u>1,024,242</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,134,056</u></u>

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020**

	Internal Service - Hamilton County PSF
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 2,256,627
Cash paid to suppliers for services	<u>(2,196,418)</u>
Net cash provided by operating activities	60,209
Cash and cash equivalents - beginning of year	<u>907,740</u>
Cash and cash equivalents - end of year	<u><u>\$ 967,949</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 109,814
Increase in prepaid insurance	(19,699)
Decrease in accounts payable	<u>(29,906)</u>
Net cash provided by operating activities	<u><u>\$ 60,209</u></u>

See accompanying Notes to Financial Statements.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
FIDUCIARY FUNDS
JUNE 30, 2020**

ASSETS

Cash and investments	\$ 1,900,187
Receivables:	
Accounts receivable	64,920
Taxes receivable	23,496,986
Due from other governments	22,129
Total assets	<u>\$ 25,484,222</u>

LIABILITIES

Accounts payable	\$ 260,262
Salaries and benefits payable	3,464
Due to other governments	<u>25,220,496</u>
Total liabilities	<u>\$ 25,484,222</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hamilton County (the County) is a political subdivision of the state of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, Hamilton County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Hamilton County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Three hundred eleven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Hamilton County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Hamilton County Auditor's office.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission, County Public Safety Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about the government as a whole. These statements include all of the financial activity of the County except for the fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through property tax, intergovernmental revenues, and other nonexchange revenues. The County does not report any business-type activities.

The statement of net position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues. Internally generated resources are reported as general revenues rather than program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which are considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor funds.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, and deferred inflows of resources, revenues, or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those accounted for in another fund. Sub funds of the General Fund include General Supplemental, Supplemental Environmental Projects and Conservation Capital Projects Expense.

Special Revenue Funds:

The Mental Health Fund is a special revenue fund, used to account for property tax and other revenues designated to be used to fund mental health, intellectual disabilities, and developmental disabilities services.

The Rural Services Fund is a special revenue fund, used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the state of Iowa, required transfers from the General and Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Drainage Fund is a special revenue fund, used to account for intergovernmental revenues and the issuance of drain warrants to fund the maintenance, repair, and improvement of drainage structures throughout the County.

Debt Service Funds:

The Hospital Debt Service Fund is utilized to account for the receipt of principal and interest payments and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Additionally, the County reports the following governmental fund type:

Permanent Fund – The Conservation Legacy Endowment fund accounts for contributions made on behalf of the Hamilton County Conservation Department for the purpose of improving and maintaining the designated conservation areas of the County.

The County reports the following nonmajor funds:

Special Revenue Funds

Recorder's Records Management
Drug Forfeiture
Prisoner Room and Board
Property Forfeiture
Hotel/Motel Tax
REAP
Local Option Sales Tax
Ag Partners TIF Projects
Public Health Hospice
Ethanol Plant
Friends of Conservation Trust
Briggs Woods Conference Center

Capital Projects Funds

Capital Projects
Convention Center

Debt Service Funds

Debt Service
Ag Partners Debt Service
Van Diest TIF Debt Service

Permanent Fund

Conservation Legacy Endowment

Additionally, the County reports the following proprietary and fiduciary fund types:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis. The County uses this fund to account for its health insurance program.

Fiduciary Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Measurement Focus and Basis of Accounting

The government-wide financial statements, proprietary fund, and fiduciary fund financial statements (except agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred or an economic asset is used, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

For the most part, the effect of interfund activity has been removed from these statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to County departments. Operating expenses for proprietary funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents, and Investments

The cash balances of most County funds are pooled and invested. Interest earned on pooled investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment which is stated at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable

Property tax in governmental funds is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized in the funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in the funds become due and collectible in September and March of the current fiscal year with a 1 1/2% per month penalty for delinquent payment; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position (continued)

Interest and Penalty on Property Taxes Receivable

Interest and penalty on property taxes receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable

Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Due From Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepayments reflect costs applicable to future periods and are recorded as prepaid items in the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the government-wide statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire a capital asset with the equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	\$ 50,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position (continued)

Capital Assets (continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 to 50 years
Building improvements	20 to 50 years
Infrastructure	30 to 50 years
Equipment	2 to 20 years
Vehicles	3 to 10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the County after the measurement date but before the end of the County's reporting period and the deferred amount on refunding.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and a note receivable. These amounts are deferred and recognized as an inflow of resources in the periods that the amounts become available. Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, the difference between expected and actual experience when measuring the OPEB liability, and the unamortized portion of the net difference between projected and actual earnings on IPERS' investments, unamortized assumption changes and changes in proportion.

Due to Other Governments

Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position (continued)

Compensated Absences

County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from the IPERS' fiduciary net position have been determined on the same basis as they are reported by the IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Mental Health, Rural Services, and Secondary Roads Funds.

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund, Mental Health, Rural Services and Secondary Roads funds.

Long-Term Liabilities

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payments of principal and interest are reported as expenditures.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position (continued)

Net Position Classifications

The government-wide and proprietary fund statement of net position presents the County's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year-end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in other classifications.

It is the County's policy to use fund balance resources in the following manner: first, restricted, then committed, then assigned, and finally unassigned.

The net position of the Internal Service Fund is designated for catastrophic losses of the County related to employee health insurance.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 - CASH AND POOLED INVESTMENTS

Deposits and investments at June 30, 2020 consist of the following:

Deposits:	
Money market, savings accounts, and other	\$ 2,815,270
Certificates of deposit	475,000
Cash on hand	99,579
Investments:	
Iowa Public Agency Trust	<u>6,865,990</u>
Total	<u><u>\$ 10,255,839</u></u>

A reconciliation to the financial statements is shown below:

Primary Government:	
Cash and investments	\$ 8,355,652
Agency Funds:	
Cash and pooled investments	<u>1,900,187</u>
Total cash and investments	<u><u>\$ 10,255,839</u></u>

The County's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Custodial Credit Risk. The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$6,865,990 pursuant to Rule 2a-7 under the Investment Company Act of 1940. No single portfolio investment may exceed 397 days and the weighted average maturity of the portfolio may never exceed 60 days.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investments in the Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 - CASH AND POOLED INVESTMENTS (continued)

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$6,865,990 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT holds an AAAM rating.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

NOTE 3 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

	Transfers In								Total
	Nonmajor Funds								
	Rural Services Fund	Secondary Roads Fund	Prisoner Room and Board	Capital Projects Fund	Conference Center Capital Projects	Briggs Woods Conference Center	Debt Service Fund	Ag Partners Debt Service	
Transfers Out									
General Fund	\$ 80,000	\$ 105,000	\$ 18,447	\$ 206,345	\$ 79,035	\$ 199,784	\$ 89,889	\$ -	\$ 778,500
Rural Services Fund	-	1,653,000	-	-	-	-	-	-	1,653,000
Nonmajor Funds:									
Local Option Sales Tax	-	-	-	-	-	50,609	39,253	-	89,862
Briggs Woods Conference Center	-	-	-	-	-	-	-	306,179	306,179
Capital Projects	-	-	-	-	-	-	109,621	-	109,621
Ag Partners TIF Projects	-	-	-	-	-	-	-	251,353	251,353
Total	<u>\$ 80,000</u>	<u>\$ 1,758,000</u>	<u>\$ 18,447</u>	<u>\$ 206,345</u>	<u>\$ 79,035</u>	<u>\$ 250,393</u>	<u>\$ 238,763</u>	<u>\$ 557,532</u>	<u>\$ 3,188,515</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended June 30, 2020, the County made the following significant transfers:

- The General Fund and Rural Services Fund made transfers to Secondary Roads Fund in accordance with state statutes and through authorization of the Board of Supervisors as included in the approved budget and amendments in the amount of \$1,758,000.
- The General Fund made transfers to the Rural Service Fund and Prisoner Room and Board Fund to assist with benefits and maintenance costs.
- Transfers were made from the General Fund and Local Option Sales Tax Fund to the Briggs Woods Conference Center Fund to cover operating costs.
- Transfers were made from the General Fund and nonmajor governmental funds to the Debt Service Funds to fund principal and interest payments.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Capital assets not being depreciated:				
Land	\$ 4,253,708	\$ 10,000	\$ -	\$ 4,263,708
Right of Way	1,518,750	-	-	1,518,750
Construction in progress	2,307,645	5,527,369	3,666,983	4,168,031
Total capital assets not being depreciated	<u>8,080,103</u>	<u>5,537,369</u>	<u>3,666,983</u>	<u>9,950,489</u>
Capital assets being depreciated:				
Buildings and building improvements	18,605,753	1,149,149	-	19,754,902
Buildings under capital lease	1,211,583	-	-	1,211,583
Land improvements	1,017,168	-	-	1,017,168
County equipment	2,036,495	2,745,736	39,432	4,742,799
County equipment under capital lease	108,047	-	-	108,047
Secondary roads equipment	7,647,299	289,756	100,654	7,836,401
Infrastructure	45,714,466	3,562,830	-	49,277,296
Total capital assets being depreciated	<u>76,340,811</u>	<u>7,747,471</u>	<u>140,086</u>	<u>83,948,196</u>
Less accumulated depreciation for:				
Buildings and building improvements	5,067,852	378,777	-	5,446,629
Land improvements	37,296	20,343	-	57,639
County equipment	1,228,744	255,308	30,501	1,453,551
Secondary roads equipment	5,477,549	367,855	100,654	5,744,750
Infrastructure	27,943,346	1,263,494	-	29,206,840
Total accumulated depreciation	<u>39,754,787</u>	<u>2,285,777</u>	<u>131,155</u>	<u>41,909,409</u>
Total capital assets being depreciated, net	<u>36,586,024</u>	<u>5,461,694</u>	<u>8,931</u>	<u>42,038,787</u>
Governmental activities capital assets, net	<u>\$ 44,666,127</u>	<u>\$ 10,999,063</u>	<u>\$ 3,675,914</u>	<u>\$ 51,989,276</u>

Depreciation expense was charged to the governmental functions of the County as follows:

Public safety and legal services	\$ 289,363
Physical health and social services	129,855
Mental health	24,232
County environment and education	175,090
Roads and transportation	1,631,348
Administration	35,889
Total depreciation expense - governmental activities	<u>\$ 2,285,777</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Amount
Governmental Funds:	
General Fund	\$ 30,245
Rural Services	344
Secondary Roads	225
Nonmajor Funds	5,652
Total for Governmental Funds	<u>\$ 36,466</u>
Agency:	
County Offices:	
Recorder	\$ 22,300
Sheriff	3,509
Township	418,402
Corporation	5,564,073
District Schools	13,414,100
Area Schools	1,154,181
County Assessor	1,223,387
County Agricultural Extension	259,659
County Hospital	2,148,713
Auto Registration and Use Tax	331,795
E911 Surcharge	598,417
All Others	81,960
Total for Agency	<u>\$ 25,220,496</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due within One Year
General obligation debt:					
General obligation bonds	\$ 14,290,000	\$ 5,705,000	\$ 4,555,000	\$ 15,440,000	\$ 2,105,000
General obligation notes	118,781	565,000	613,000	70,781	10,874
Premium on general obligation bonds	186,989	312,913	35,409	464,493	-
General obligation bonds, net	<u>14,595,770</u>	<u>6,582,913</u>	<u>5,203,409</u>	<u>15,975,274</u>	<u>2,115,874</u>
Urban renewal tax increment revenue bond	777,797	-	363,684	414,113	269,442
Drainage warrants and drainage improvement certificates	1,066,702	712,238	1,313,919	465,021	385,745
Loan payable	145,933	-	19,409	126,524	19,964
Compensated absences	541,209	60,807	92,567	509,449	313,341
	<u>\$ 17,127,411</u>	<u>\$ 7,355,958</u>	<u>\$ 6,992,988</u>	<u>\$ 17,490,381</u>	<u>\$ 3,104,366</u>
Total	<u>\$ 17,127,411</u>	<u>\$ 7,355,958</u>	<u>\$ 6,992,988</u>	<u>\$ 17,490,381</u>	<u>\$ 3,104,366</u>

Long-Term Debt Payable

The details of the County's outstanding debt are as follows:

Type	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Outstanding Balance
General obligation debt:						
County purpose and refunding, series 2012A	12/27/2012	1.00-2.00%	06/01/13 - 06/01/26	06/01 & 12/01	\$ 10,000,000	\$ 8,085,000
Refunding bonds, series 2013A	02/28/2013	1.50-2.00%	06/01/18 - 06/01/22	06/01 & 12/01	6,525,000	2,270,000
Highway improvement bonds, series 2013B	10/9/2013	1.05-4.00%	06/01/16 - 06/01/32	06/01 & 12/01	995,000	745,000
General obligation notes	12/22/2015	2.80%	06/01/16 - 06/01/26	06/01 & 12/01	135,000	70,781
General obligation refunding, series 2020A	3/3/2020	2.00-4.00%	06/01/20 - 06/01/31	06/01 & 12/01	4,885,000	4,340,000
Premium of general obligation debt						464,493
						<u>15,975,274</u>
Loans payable	Various	1.00-5.00%	07/15/14-09/26/27	7/15, 9/26, 3/26	228,505	126,524
Urban renewal tax increment revenue bond	8/8/2006	2.14%	12/01/07 - 6/1/25	6/01 & 12/01	4,300,000	<u>414,113</u>
Total governmental activities						<u>\$ 16,515,911</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - LONG-TERM LIABILITIES (continued)

Long-Term Debt Payable (continued)

Payments to maturity on the County's June 30, 2020 indebtedness is as follows:

Year Ending June 30	General Obligation Bonds		Tax Increment Financing Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 2,105,000	\$ 347,350	\$ 269,442	\$ 7,428
2022	2,135,000	312,425	144,671	1,631
2023	2,140,000	272,775	-	-
2024	2,185,000	222,525	-	-
2025	2,175,000	170,990	-	-
2026-2030	4,105,000	297,800	-	-
2031-2032	595,000	17,900	-	-
Total	<u>\$ 15,440,000</u>	<u>\$ 1,641,765</u>	<u>\$ 414,113</u>	<u>\$ 9,059</u>

Year Ending June 30	General Obligation Notes		Loans Payable	
	Principal	Interest	Principal	Interest
2021	\$ 10,874	\$ 2,126	\$ 19,964	\$ 1,681
2022	11,179	1,821	20,385	1,257
2023	11,492	1,508	14,975	825
2024	11,813	1,187	15,272	676
2025	12,144	856	15,583	521
2026-2028	13,279	516	40,345	610
Total	<u>\$ 70,781</u>	<u>\$ 8,014</u>	<u>\$ 126,524</u>	<u>\$ 5,570</u>

In fiscal year 2013, the County issued General Obligation County Purpose and Refunding Bonds, Series 2012A in the amount of \$10,000,000 and General Obligation Refunding Bonds, Series 2013A in the amount of \$6,525,000. The County utilized the proceeds of the two issuances to crossover refund \$13,615,000 of the outstanding principal remaining on the General Obligation Hospital Bonds, Series 2009 on June 1, 2017. The County recognized a gain on refunding of \$116,587. The total cash savings attributable to the refunding of these bonds is \$931,309.

In fiscal year 2016, the County entered into an agreement providing for the issuance of \$135,000 General Obligation Conservation Building Notes pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost of constructing cabins and recreation facilities for use by the County Conservation Department. The notes mature on June 1, 2026 and bear interest at the rate of 2.8% per annum. Accrued interest shall be payable semiannually on the first day of June and December each year.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - LONG-TERM LIABILITIES (continued)

Long-Term Debt Payable (continued)

In fiscal year 2018, the County entered into two loan agreements totaling \$150,000 to assist in funding the construction of the Briggs Woods Conference Center. The interest rate is 1 percent and is payable in semi-annual installments over a ten year term. A third loan in the amount of \$21,588 was obtained to fund the purchase of a tractor. The interest rate is 5 percent and it is payable in annual installments over a four year term.

During fiscal year 2019 the County entered into an agreement provided for the issuance of \$1,500,000 general obligation urban renewal bonds pursuant to the provisions of Section 331.402 of the Code of Iowa for the purpose of paying the cost, to the extent of undertaking an urban renewal project in the Briggs Woods Conference Center Urban Renewal Area consisting of constructing, furnishing, and equipping a new County Conservation Center. The bonds mature on June 1, 2014 and bear interest at a rate of 3.6% per annum. In addition, the County issued \$600,000 general obligation building notes pursuant to Section 331.443 of the Code of Iowa for the purpose of improving county facilities, of which \$35,000 was drawn during 2019. The notes mature on June 1, 2027 and bear interest at the rate of 3.85% per annum.

During fiscal year 2020, the County issued General Obligation Refunding Bonds, Series 2020A in the amount of \$4,885,000. The County utilized the proceeds to refund \$1,513,915 of the General Obligation Urban Renewal Bond of 2018, \$605,278 of the General Obligation County Building Note of 2019, \$527,040 of the General Obligation Road Improvement Note of 2019, and \$2,459,811 to pay the General Obligation Emergency Communication Equipment Lease-Purchase Agreement. The County recognized a premium of \$312,913 and cash savings attributable to the bond is \$233,035.

During fiscal year 2020, the County issued a General Obligation Road Improvement Note in the amount of \$820,000 pursuant to the provisions of Section 331.402 and Section 331.441(2)(b)(14) of the Code of Iowa for the purpose of paying the costs, to that extent, of carrying out an urban renewal project in the Ag Partners Urban Renewal District consisting of constructing road improvements for the promotion of economic developments and agribusiness expansion. The notes mature on June 1, 2022, and bear an interest rate of 3.15% per annum. It is payable in annual installments over a three year term.

Debt Limitation

The debt limit in accordance with the Code of Iowa includes all amounts for which the County is obligated in any manner. The debt limit as of June 30, 2020 is as follows:

Assessed value	\$ 1,646,272,855
	82,313,643
Debt limit - 5% of assessed value	\$
Debt outstanding	16,040,140
	66,273,503
Debt margin	\$ 66,273,503

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - LONG-TERM LIABILITIES (continued)

Long-Term Debt Payable (continued)

Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates.

Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Drainage special revenue fund solely from drainage assessments against benefited properties.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The County administers a single-employer benefit plan which provides medical, prescription drug, and dental benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits

Individuals who are employees by the County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active Employees	82
Total	87

Total OPEB Liability

The County's total OPEB liability of \$218,724 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum
Rates of salary increase	0.00% per annum, including inflation
Discount rate	3.15% per year Municipal Bond 20-year AA
Healthcare cost trend rate	6% per year

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.15% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA / Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 Annuity Mortality Table (2/3 female, 1/3 male) Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability - beginning of the year	\$ 171,518
Changes for the year:	
Service cost	21,690
Interest	7,165
Differences between expected and actual experiences	(14,296)
Changes in assumptions	39,295
Benefit payments	(6,648)
Net changes	47,206
Total OPEB liability - end of year	\$ 218,724

There were no changes in assumptions in fiscal year 2020.

Sensitivity of the County's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.15%) or 1% higher (4.15%) than the current discount rate.

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB liability	\$ 241,850	\$ 218,724	\$ 237,983

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	Healthcare Cost		
	1% Decrease (5.00%)	Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 190,278	\$ 218,724	\$ 252,999

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the County recognized OPEB expense of \$26,925. At June 30, 2020, the County reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	\$ 28,036	\$ -
Differences between expected and actual experience	-	29,608
Total	\$ 28,036	\$ 29,608

The amount reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2021	\$ 11,221
2022	(2,498)
2023	(2,498)
2024	(2,498)
2025	(2,498)
Thereafter	(2,801)
Total	\$ (1,572)

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 - NET POSITION

Net position at June 30, 2020 consists of the following:

Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 51,989,276
Plus deferred amount on refunding	76,646
Less contracts payable	(489,466)
Less outstanding long-term debt	(16,515,911)
Debt not related to capital assets	9,906,395
Net investment in capital assets	44,966,940
Restricted:	
Supplemental levy	310,886
Mental health	143,399
Rural services	743,807
Secondary roads	3,730,250
Drainage warrants and certificates	1,236,163
Conservation land acquisition/capital improvements	248,639
Debt service	371,187
Other	1,119,264
Total restricted net position	7,903,595
Unrestricted net position	(1,386,701)
Total governmental activities net position	\$ 51,483,834

NOTE 9 - PENSION PLANS

Iowa Public Employees' Retirement System (IPERS)

IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a publicly available financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 - PENSION PLANS (continued)

Iowa Public Employees Retirement System (IPERS) (continued)

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefits includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies, and protection occupation members may retire at normal retirement age which is generally age 55. Sheriffs, deputies, and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a sheriff's, deputy's, or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded a federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 - PENSION PLANS (continued)

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the County contributed 9.44 percent of covered payroll, for a total rate of 15.73 percent. Sheriff, deputies, and the County each contributed 9.51 percent of pay for a total rate of 19.02 percent. Protection occupation members contributed 6.61 percent of pay and the County contributed 9.91 percent for a total rate of 16.52 percent.

The County’s total contributions to IPERS for the year ended June 30, 2020 were \$665,776.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the County reported a liability of \$3,726,780 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the City’s share of contributions to the IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County’s collective proportion was 0.904214 percent which was a decrease of .006210 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$876,523. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,498	\$ 158,281
Changes of assumptions	549,666	96,722
Net difference between projected and actual earnings on pension plan investments	-	621,624
Changes in proportion and differences between County contributions and proportionate share of contributions	165,695	92,149
County contributions subsequent to the measurement date	665,776	-
Total	\$ 1,406,635	\$ 968,776

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 - PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

\$665,776 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense
2020	\$ 73,972
2021	(156,567)
2022	(91,134)
2023	(64,651)
2024	10,463
Total	<u>\$ (227,917)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Rate of inflation	2.60 percent per annum.
Rates of salary increase	3.25 to 16.25 percent average, including inflation. Rates vary by membership group.
Rate of investment return	7.00 percent compounded annually, net of investment expense, including inflation.
Wage growth	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 - PENSION PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0 %	5.60 %
International Equity	15.0	6.08
Global Smart Beta Equity	3.0	5.82
Core-Plus Fixed Income	27.0	1.71
Public Credit	3.5	3.32
Public Real Assets	7.0	2.81
Cash	1.0	(0.21)
Private Equity	11.0	10.13
Private Real Assets	7.5	4.76
Private Credit	3.0	3.01
Total	100.0 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the contractually required rate and the contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

Description	1% Decrease	Discount Rate	1% Increase
IPERS Discount Rate	6.0%	7.0%	8.0%
County's proportionate share of the net pension liability	\$ 7,863,338	\$ 3,726,780	\$ 258,290

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 - PENSION PLANS (continued)

IPERS' Fiduciary Net Position – Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

NOTE 10 - RISK MANAGEMENT

Hamilton County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the state of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$1,601.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount or risk-sharing protection provided by the County's risk-sharing certificate.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - RISK MANAGEMENT (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event that a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$500,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Hamilton County PSF Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumed liability for claims up to the individual stop loss limitation of \$20,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Hamilton County PSF Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payment of service fees and claims processed are paid to Blue Cross Blue Shield and Group Services from the Hamilton County PSF Fund. The County's contribution for the year ended June 30, 2020 was \$2,256,627.

Amounts payable from the Hamilton County PSF Fund at June 30, 2020 total \$6,856 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$1,134,056 at June 30, 2020.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - EMPLOYEE HEALTH INSURANCE PLAN (continued)

A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years.

A reconciliation of changes in the aggregate liability for claims for the current years is as follows:

	2020	2019
Unpaid claims - beginning of year	\$ 36,762	\$ 12,962
Incurred claims and changes in estimates	2,086,568	2,065,023
Claims paid	(2,116,474)	(2,041,223)
Unpaid claims - end of year	\$ 6,856	\$ 36,762

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

Hamilton County Solid Waste Commission

Hamilton County participates in the Hamilton County Solid Waste Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Being a member of this Commission, Hamilton County will be obligated for its share of the closure and postclosure care costs associated with the cost to place a final cover on the Commission's landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. During 2008, the County was notified that the landfill financial assurances are completed and approved by the IDNR. Costs are fully funded.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (continued)

Central Iowa Community Services Region

Central Iowa Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Warren County, Franklin County, Hardin County, Boone County, Story County, Marshall County, Jasper County, Poweshiek County, Madison County, and Hamilton County. The financial activity of Hamilton County's Special Revenue, Mental Health Fund is included in the Central Iowa Community Services Region for the year ended June 30, 2020 as follows:

Revenues:		
Property and other county tax		\$ 314,192
Intergovernmental revenues:		
State tax credits		26,309
Miscellaneous		934
Total revenues		341,435
Expenditures:		
Services to persons with:		
Mental illness		110,877
General administration:		
Direct administration	\$ 164,255	
Distribution to regional fiscal agent	470,556	634,811
Total expenditures		745,688
Excess of revenues over expenditures		(404,253)
Fund balance - beginning of the year		545,484
Fund balance - end of the year		\$ 141,231

The County also participates in several other Jointly Governed Organizations, the County Assessor's Conference Board, County Emergency Management Commission, County Public Safety Commission, and County Joint E911 Service Board, as described in Note 1 of the financial statements.

NOTE 13 – TAX ABATEMENTS

The County provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the County enters into agreements with developers which require the County, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the County as part of these agreements.

For the year ended June 30, 2020, the County abated \$697,002 of property tax under the urban renewal and economic development projects.

NOTE 14 – CONSTRUCTION COMMITMENTS

In fiscal year 2020, the County entered into a construction project that has not been completed as of year-end. The total contract is \$1,567,421, with a remaining balance at June 30, 2020 of \$989,280.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

**HAMILTON COUNTY
WEBSTER CITY, IOWA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES – BUDGET AND ACTUAL (CASH BASIS)
ALL GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Cash Basis Fund Types Actual	Less Funds Not Required to Be Budgeted	Net
RECEIPTS			
Property and other county tax	\$ 9,617,440	\$ -	\$ 9,617,440
Interest and penalty on property tax	21,671	-	21,671
Intergovernmental	6,767,504	27,374	6,740,130
Licenses and permits	27,515	-	27,515
Charges for services	2,645,493	797,814	1,847,679
Use of money and property	450,217	12,706	437,511
Miscellaneous	3,555,902	394,961	3,160,941
Total receipts	23,085,742	1,232,855	21,852,887
DISBURSEMENTS			
Public safety and legal services	3,567,264	-	3,567,264
Physical health and social services	1,613,895	-	1,613,895
Mental health	1,924,423	-	1,924,423
County environment and education services	1,993,466	-	1,993,466
Roads and transportation	6,813,430	-	6,813,430
Governmental services to residents	516,984	-	516,984
Administration	1,785,562	-	1,785,562
Nonprogram	1,327,876	1,327,876	-
Debt service	3,319,400	-	3,319,400
Capital projects	2,428,944	-	2,428,944
Total disbursements	25,291,244	1,327,876	23,963,368
Excess of Receipts Over Disbursements	(2,205,502)	(95,021)	(2,110,481)
Other Financing Sources (Uses), Net	1,651,009	-	1,651,009
EXCESS OF RECEIPTS OVER DISBURSEMENTS AND OTHER FINANCING SOURCES	(554,493)	(95,021)	(459,472)
Balances - Beginning of Year	7,822,972	790,191	7,032,781
BALANCES - END OF YEAR	\$ 7,268,479	\$ 695,170	\$ 6,573,309

See accompanying Notes to Required Supplementary Information – Budgetary Reporting.

Budgeted Amounts		Final to Net Variance - Positive/ (Negative)
Original	Final	
\$ 9,674,023	\$ 9,772,804	\$ (155,364)
31,600	31,600	(9,929)
6,197,784	7,221,587	(481,457)
20,075	20,075	7,440
2,522,946	2,520,738	(673,059)
488,911	488,911	(51,400)
4,575,105	3,308,214	(147,273)
<u>23,510,444</u>	<u>23,363,929</u>	<u>(1,511,042)</u>
3,704,669	3,789,811	222,547
1,777,470	1,803,256	189,361
1,544,815	1,942,290	17,867
2,483,720	2,754,966	761,500
7,979,950	8,548,400	1,734,970
623,939	628,347	111,363
1,883,509	2,009,274	223,712
-	-	-
3,599,077	4,240,413	921,013
1,181,090	3,470,925	1,041,981
<u>24,778,239</u>	<u>29,187,682</u>	<u>5,224,314</u>
(1,267,795)	(5,823,753)	3,713,272
<u>6,100</u>	<u>1,623,558</u>	<u>27,451</u>
(1,261,695)	(4,200,195)	3,740,723
<u>4,319,260</u>	<u>7,032,779</u>	<u>2</u>
<u>\$ 3,057,565</u>	<u>\$ 2,832,584</u>	<u>\$ 3,740,725</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
BUDGETARY COMPARISON SCHEDULE – BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2020**

	Governmental Funds		
	Cash Basis	Modified Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 23,085,742	\$ (2,439,237)	\$ 20,646,505
Expenditures	25,291,244	3,394,031	28,685,275
NET CHANGE	(2,205,502)	(5,833,268)	(8,038,770)
Other financing sources, net	1,651,009	3,637,147	5,288,156
Fund balances - beginning of year	7,822,972	13,651,739	21,474,711
Decrease in inventories	-	(227,002)	(227,002)
FUND BALANCES - END OF YEAR	\$ 7,268,479	\$ 11,228,616	\$ 18,497,095

See accompanying Notes to Required Supplementary Information – Budgetary Reporting.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
JUNE 30, 2020**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year-end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and expendable trust funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, budget amendments increased budgeted disbursements and other financing uses by \$4,409,443 increased budget revenues, other financing sources by \$1,470,943 and decreased the ending fund balance by \$224,981. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEN FISCAL YEARS***

	<u>Reporting Year (Measurement Date)</u> 2020 (2019)	<u>Reporting Year (Measurement Date)</u> 2019 (2018)	<u>Reporting Year (Measurement Date)</u> 2018 (2017)
County's Proportion of the Net Pension Liability	0.904214%	0.910424%	0.910681%
County's Proportionate Share of the Net Pension Liability	\$ 3,726,780	\$ 3,987,399	\$ 4,460,156
County's Covered Payroll	\$ 6,923,450	\$ 6,455,814	\$ 6,439,264
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	53.83%	61.76%	69.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.45%	83.62%	82.21%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(CONTINUED)
TEN FISCAL YEARS***

<u>Reporting Year (Measurement Date)</u>	<u>Reporting Year (Measurement Date)</u>	<u>Reporting Year (Measurement Date)</u>
2017 (2016)	2016 (2015)	2015 (2014)
0.920271%	0.938086%	0.921308%
\$ 4,290,999	\$ 3,319,685	\$ 2,500,458
\$ 6,280,272	\$ 6,301,049	\$ 5,951,211
68.33%	52.68%	42.02%
81.82%	85.19%	87.61%

See accompanying Notes to Required Supplementary Information – Pension Liability.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily Required Contribution	\$ 665,776	\$ 648,405	\$ 580,328
County's Contribution in Relation to the Statutorily Required Contribution	<u>665,776</u>	<u>648,405</u>	<u>580,328</u>
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 7,261,352	\$ 6,923,450	\$ 6,455,814
County's Contributions as a Percentage of Covered Payroll	9.17%	9.37%	8.99%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF COUNTY PENSION CONTRIBUTIONS (CONTINUED)
TEN FISCAL YEARS**

2017	2016	2015	2014
\$ 571,443	\$ 558,221	\$ 561,851	\$ 536,000
571,443	558,221	561,851	536,000
\$ -	\$ -	\$ -	\$ -
\$ 6,439,264	\$ 6,280,272	\$ 6,301,049	\$ 5,951,211
8.87%	8.89%	8.92%	9.01%

See accompanying Notes to Required Supplementary Information – Pension Liability.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
JUNE 30, 2020**

Changes in Benefit Terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY (CONTINUED)
JUNE 30, 2020**

Changes of Assumptions (continued)

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL
OPEB LIABILITY, RELATED RATIOS, AND NOTES
JUNE 30, 2020**

	2020	2019	2018
Service cost	\$ 21,690	\$ 13,989	\$ 12,778
Interest cost	7,165	5,940	6,989
Difference between expected and actual experiences	(14,296)	(19,930)	(19,796)
Changes in assumptions	39,295	6,548	-
Benefit payments	(6,648)	(6,332)	(7,068)
Net change in total OPEB liability	47,206	215	(7,097)
Total OPEB liability - beginning of year	171,518	171,303	178,400
Total OPEB liability - end of year	<u>\$ 218,724</u>	<u>\$ 171,518</u>	<u>\$ 171,303</u>
Covered-employee payroll	\$ 7,261,352	\$ 6,923,450	\$ 6,495,787
Total OPEB liability as a percentage of covered employee payroll	3.0%	2.5%	2.6%

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.15%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	2.50%

SUPPLEMENTARY INFORMATION

**HAMILTON COUNTY
WEBSTER CITY, IOWA
JUNE 30, 2020**

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds

The special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

- Recorder's Records Management
- Drug Forfeiture
- Prisoner Room & Board
- Property Forfeiture
- Hotel/Motel Tax
- REAP
- Local Option Sales Tax
- Ag Partners TIF Projects
- Public Health Hospice
- Ethanol Plant
- Friends of Conservation Trust
- Briggs Woods Conference Center

Capital Projects

The capital projects funds account for resources designated to construct or acquire general capital assets, major improvements, vehicles, and equipment. Revenues are derived primarily from the sale of general obligation bonds and notes, intergovernmental revenues, transfers from other funds, and earnings on investments.

- Conference Center
- Capital Projects

Debt Service Funds

The debt service funds account for the payment of interest and principal on general obligation bonds and notes. Debt service revenues are principally derived from property taxes, special assessments, and other operating revenues. These accounts are restricted in accordance with bond covenants.

- Debt Service
- Ag Partners Debt Service
- Van Diest TIF Debt Service

Permanent Fund

The permanent fund is used to report resources that are legally restricted to the extent that only earning, not principal, may be used for purposes that support the County's programs.

- Conservation Legacy Endowment

**HAMILTON COUNTY
WEBSTER CITY, IOWA
JUNE 30, 2020**

AGENCY FUNDS

Agency funds are clearing accounts that account for funds collected by the County on the behalf of individuals and other governmental entities.

- County Offices
- Township
- Corporation
- District Schools
- Area Schools
- County Assessor
- County Agricultural Extension
- County Hospital
- Motor Vehicle Trust
- E911 Surcharge
- Other

**HAMILTON COUNTY
WEBSTER CITY, IOWA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds			
	Recorder's Records Management	Drug Forfeiture	Prisoner Room and Board	Property Forfeiture
ASSETS				
Cash and Investments	\$ 27,167	\$ 12,702	\$ 23,598	\$ 2,195
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	307	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 27,474</u>	<u>\$ 12,702</u>	<u>\$ 23,598</u>	<u>\$ 2,195</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - other	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Other purposes	27,474	12,702	23,598	2,195
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>27,474</u>	<u>12,702</u>	<u>23,598</u>	<u>2,195</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 27,474</u>	<u>\$ 12,702</u>	<u>\$ 23,598</u>	<u>\$ 2,195</u>

Special Revenue Funds

Hotel/ Motel Tax	REAP	Local Option Sales Tax	Ag Partners TIF Projects	Public Health Hospice	Ethanol Plant	Friends of Conservation Trust	Briggs Woods Conference Center
\$ 42,886	\$ 27,047	\$ 506,598	\$ 349,722	\$ 50,379	\$ -	\$ 50,572	\$ 25
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,000	-	-	-	580	-
5,594	-	41,533	-	-	-	-	-
<u>\$ 48,480</u>	<u>\$ 27,047</u>	<u>\$ 550,131</u>	<u>\$ 349,722</u>	<u>\$ 50,379</u>	<u>\$ -</u>	<u>\$ 51,152</u>	<u>\$ 25</u>
\$ -	\$ -	\$ 23,616	\$ -	\$ -	\$ -	\$ -	\$ 19,454
-	-	-	-	-	-	-	9,466
-	-	-	-	-	-	-	5,652
-	-	23,616	-	-	-	-	34,572
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
48,480	27,047	526,515	349,722	50,379	-	51,152	-
-	-	-	-	-	-	-	(34,547)
<u>48,480</u>	<u>27,047</u>	<u>526,515</u>	<u>349,722</u>	<u>50,379</u>	<u>-</u>	<u>51,152</u>	<u>(34,547)</u>
<u>\$ 48,480</u>	<u>\$ 27,047</u>	<u>\$ 550,131</u>	<u>\$ 349,722</u>	<u>\$ 50,379</u>	<u>\$ -</u>	<u>\$ 51,152</u>	<u>\$ 25</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020**

	Capital Projects Funds			Total Capital Projects
	Total Special Revenue	Capital Projects	Conference Center	
ASSETS				
Cash and Investments				
Receivables:	\$ 1,092,891	\$ -	\$ -	\$ -
Property tax:				
Delinquent				
Succeeding year	-	-	-	-
Accounts	-	-	-	-
Due from other governments	2,887	-	-	-
Total assets	47,127	-	-	-
	<u>\$ 1,142,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 43,070	\$ -	\$ -	\$ -
Salaries and benefits payable	9,466	-	-	-
Due to other governments	5,652	-	-	-
Total liabilities	58,188	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Other purposes	1,119,264	-	-	-
Unassigned	(34,547)	-	-	-
Total fund balances (deficits)	1,084,717	-	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,142,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service Funds				Permanent Funds	
Debt Service	Ag Partners Debt Service	Van Diest TIF Debt Service	Total Debt Service	Conservation Legacy Endowment	Total
\$ 38,749	\$ 6,546	\$ 337,795	\$ 383,090	\$ 20,910	\$ 1,496,891
3,695	-	-	3,695	-	3,695
315,368	-	-	315,368	-	315,368
-	-	-	-	-	2,887
-	-	-	-	-	47,127
<u>\$ 357,812</u>	<u>\$ 6,546</u>	<u>\$ 337,795</u>	<u>\$ 702,153</u>	<u>\$ 20,910</u>	<u>\$ 1,865,968</u>
\$ 250	\$ -	\$ 250	\$ 500	\$ -	\$ 43,570
-	-	-	-	-	9,466
-	-	-	-	-	5,652
<u>250</u>	<u>-</u>	<u>250</u>	<u>500</u>	<u>-</u>	<u>58,688</u>
315,368	-	-	315,368	-	315,368
1,208	-	-	1,208	-	1,208
<u>316,576</u>	<u>-</u>	<u>-</u>	<u>316,576</u>	<u>-</u>	<u>316,576</u>
-	-	-	-	20,910	20,910
40,986	6,546	337,545	385,077	-	385,077
-	-	-	-	-	1,119,264
-	-	-	-	-	(34,547)
<u>40,986</u>	<u>6,546</u>	<u>337,545</u>	<u>385,077</u>	<u>20,910</u>	<u>1,490,704</u>
<u>\$ 357,812</u>	<u>\$ 6,546</u>	<u>\$ 337,795</u>	<u>\$ 702,153</u>	<u>\$ 20,910</u>	<u>\$ 1,865,968</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	Special Revenue				
	Recorder's Records Management	Drug Forfeiture	Prisoner Room and Board	Property Forfeiture	Hotel/ Motel Tax
REVENUES					
Property tax and other county tax	\$ -	\$ -	\$ -	\$ -	\$ 22,388
Tax increment financing collections	-	-	-	-	-
Intergovernmental	-	603	-	330	-
Charges for services	3,298	-	-	-	-
Use of money and property	316	-	-	25	341
Miscellaneous	-	-	575	-	-
Total revenues	<u>3,614</u>	<u>603</u>	<u>575</u>	<u>355</u>	<u>22,729</u>
EXPENDITURES					
Public safety and legal services	-	-	10,900	-	-
County environment and education	-	-	-	-	2,680
Administration	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>10,900</u>	<u>-</u>	<u>2,680</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,614	603	(10,325)	355	20,049
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	18,447	-	-
Transfers out	-	-	-	-	-
Proceeds on capital assets	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Payment on refunding bond escrow	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>18,447</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,614	603	8,122	355	20,049
Fund Balances - Beginning of Year	<u>23,860</u>	<u>12,099</u>	<u>15,476</u>	<u>1,840</u>	<u>28,431</u>
FUND BALANCES - END OF YEAR	<u>\$ 27,474</u>	<u>\$ 12,702</u>	<u>\$ 23,598</u>	<u>\$ 2,195</u>	<u>\$ 48,480</u>

Special Revenue

REAP	Local Option Sales Tax	Ag Partners TIF Projects	Public Health Hospice	Ethanol Plant	Friends of Conservation Trust
\$ -	\$ 485,524	\$ -	\$ -	\$ -	\$ -
-	-	213,505	-	347,007	-
11,128	8,673	20,527	-	31,930	6,000
-	-	-	-	-	-
530	3,566	-	641	-	570
-	2,000	-	250	-	9,883
<u>11,658</u>	<u>499,763</u>	<u>234,032</u>	<u>891</u>	<u>378,937</u>	<u>16,453</u>
-	-	-	-	-	-
57,366	-	-	-	-	13,787
-	5,190	-	-	-	-
-	-	-	-	378,937	-
-	173,784	-	-	-	-
<u>57,366</u>	<u>178,974</u>	<u>-</u>	<u>-</u>	<u>378,937</u>	<u>13,787</u>
(45,708)	320,789	234,032	891	-	2,666
-	-	-	-	-	-
-	(89,862)	(251,353)	-	-	-
29,140	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,140</u>	<u>(89,862)</u>	<u>(251,353)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(16,568)	230,927	(17,321)	891	-	2,666
43,615	295,588	367,043	49,488	-	48,486
<u>\$ 27,047</u>	<u>\$ 526,515</u>	<u>\$ 349,722</u>	<u>\$ 50,379</u>	<u>\$ -</u>	<u>\$ 51,152</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	Capital Project Funds			
	Briggs Woods Conference Center	Total Special Revenue	Capital Projects	Conference Center
REVENUES				
Property tax and other county tax	\$ -	\$ 507,912	\$ -	\$ -
Tax increment financing collections	-	560,512	-	-
Intergovernmental	-	79,191	-	-
Charges for services	255,470	258,768	-	-
Use of money and property	-	5,989	-	-
Miscellaneous	10,030	22,738	200,240	35,000
Total revenues	<u>265,500</u>	<u>1,435,110</u>	<u>200,240</u>	<u>35,000</u>
EXPENDITURES				
Public safety and legal services	-	10,900	-	-
County environment and education	419,011	492,844	-	-
Administration	5,150	10,340	-	-
Debt service	-	378,937	-	-
Capital projects	-	173,784	1,483,922	39,953
Total expenditures	<u>424,161</u>	<u>1,066,805</u>	<u>1,483,922</u>	<u>39,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(158,661)	368,305	(1,283,682)	(4,953)
OTHER FINANCING SOURCES (USES)				
Transfers in	250,393	268,840	206,345	79,035
Transfers out	(109,621)	(450,836)	(306,179)	-
Proceeds on capital assets	-	29,140	-	-
Bond proceeds	-	-	1,385,000	-
Payment on refunding bond escrow	-	-	-	-
Premium on bond issuance	-	-	-	-
Total other financing sources (uses)	<u>140,772</u>	<u>(152,856)</u>	<u>1,285,166</u>	<u>79,035</u>
NET CHANGE IN FUND BALANCES	(17,889)	215,449	1,484	74,082
Fund Balances - Beginning of Year	<u>(16,658)</u>	<u>869,268</u>	<u>(1,484)</u>	<u>(74,082)</u>
FUND BALANCES - END OF YEAR	<u>\$ (34,547)</u>	<u>\$ 1,084,717</u>	<u>\$ -</u>	<u>\$ -</u>

Total Capital Projects	Debt Service Funds			Total Debt Service	Permanent Fund	Total
	Debt Service	Ag Partners Debt Service	Van Diest TIF Debt Service		Conservation Legacy Endowment	
\$ -	\$ 302,298	\$ -	\$ -	\$ 302,298	\$ -	\$ 810,210
-	-	-	136,490	136,490	-	697,002
-	25,442	-	2,076	27,518	-	106,709
-	-	-	-	-	-	258,768
-	-	-	-	-	267	6,256
235,240	-	-	-	-	-	257,978
<u>235,240</u>	<u>327,740</u>	<u>-</u>	<u>138,566</u>	<u>466,306</u>	<u>267</u>	<u>2,136,923</u>
-	-	-	-	-	-	10,900
-	-	-	-	-	-	492,844
-	-	-	-	-	-	10,340
-	659,702	550,986	78,975	1,289,663	-	1,668,600
1,523,875	-	-	-	-	-	1,697,659
<u>1,523,875</u>	<u>659,702</u>	<u>550,986</u>	<u>78,975</u>	<u>1,289,663</u>	<u>-</u>	<u>3,880,343</u>
(1,288,635)	(331,962)	(550,986)	59,591	(823,357)	267	(1,743,420)
285,380	238,763	557,532	-	796,295	-	1,350,515
(306,179)	-	-	-	-	-	(757,015)
-	-	-	-	-	-	29,140
1,385,000	2,425,189	-	-	2,425,189	-	3,810,189
-	(2,620,368)	-	-	(2,620,368)	-	(2,620,368)
-	312,913	-	-	312,913	-	312,913
<u>1,364,201</u>	<u>356,497</u>	<u>557,532</u>	<u>-</u>	<u>914,029</u>	<u>-</u>	<u>2,125,374</u>
75,566	24,535	6,546	59,591	90,672	267	381,954
(75,566)	16,451	-	277,954	294,405	20,643	1,108,750
<u>\$ -</u>	<u>\$ 40,986</u>	<u>\$ 6,546</u>	<u>\$ 337,545</u>	<u>\$ 385,077</u>	<u>\$ 20,910</u>	<u>\$ 1,490,704</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES – AGENCY FUNDS
JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
COUNTY OFFICES:				
ASSETS:				
Cash and investments	\$ 25,949	\$ 458,507	\$ 460,920	\$ 23,536
Accounts receivable	<u>831</u>	<u>2,273</u>	<u>831</u>	<u>2,273</u>
TOTAL ASSETS	<u>\$ 26,780</u>	<u>\$ 460,780</u>	<u>\$ 461,751</u>	<u>\$ 25,809</u>
LIABILITIES:				
Due to other governments	<u>\$ 26,780</u>	<u>\$ 25,809</u>	<u>\$ 26,780</u>	<u>\$ 25,809</u>
TOTAL LIABILITIES	<u>\$ 26,780</u>	<u>\$ 25,809</u>	<u>\$ 26,780</u>	<u>\$ 25,809</u>
TOWNSHIP:				
ASSETS:				
Cash and investments	\$ 773	\$ 405,800	\$ 403,604	\$ 2,969
Taxes receivable	<u>394,958</u>	<u>415,433</u>	<u>394,958</u>	<u>415,433</u>
TOTAL ASSETS	<u>\$ 395,731</u>	<u>\$ 821,233</u>	<u>\$ 798,562</u>	<u>\$ 418,402</u>
LIABILITIES:				
Due to other governments	<u>\$ 395,731</u>	<u>\$ 418,402</u>	<u>\$ 395,731</u>	<u>\$ 418,402</u>
TOTAL LIABILITIES	<u>\$ 395,731</u>	<u>\$ 418,402</u>	<u>\$ 395,731</u>	<u>\$ 418,402</u>
CORPORATION:				
ASSETS:				
Cash and investments	\$ 41,662	\$ 5,495,598	\$ 5,498,382	\$ 38,878
Taxes receivable	<u>5,419,717</u>	<u>5,525,195</u>	<u>5,419,717</u>	<u>5,525,195</u>
TOTAL ASSETS	<u>\$ 5,461,379</u>	<u>\$ 11,020,793</u>	<u>\$ 10,918,099</u>	<u>\$ 5,564,073</u>
LIABILITIES:				
Due to other governments	<u>\$ 5,461,379</u>	<u>\$ 5,564,073</u>	<u>\$ 5,461,379</u>	<u>\$ 5,564,073</u>
TOTAL LIABILITIES	<u>\$ 5,461,379</u>	<u>\$ 5,564,073</u>	<u>\$ 5,461,379</u>	<u>\$ 5,564,073</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES – AGENCY FUNDS (CONTINUED)
JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
DISTRICT SCHOOLS:				
ASSETS:				
Cash and investments	\$ 56,133	\$ 12,612,365	\$ 12,582,395	\$ 86,103
Taxes receivable	<u>12,321,986</u>	<u>13,327,997</u>	<u>12,321,986</u>	<u>13,327,997</u>
TOTAL ASSETS	<u>\$ 12,378,119</u>	<u>\$ 25,940,362</u>	<u>\$ 24,904,381</u>	<u>\$ 13,414,100</u>
LIABILITIES:				
Due to other governments	<u>\$ 12,378,119</u>	<u>\$ 13,414,100</u>	<u>\$ 12,378,119</u>	<u>\$ 13,414,100</u>
TOTAL LIABILITIES	<u>\$ 12,378,119</u>	<u>\$ 13,414,100</u>	<u>\$ 12,378,119</u>	<u>\$ 13,414,100</u>
AREA SCHOOLS:				
ASSETS:				
Cash and investments	\$ 5,137	\$ 1,013,996	\$ 1,012,277	\$ 6,856
Taxes receivable	<u>991,108</u>	<u>1,147,325</u>	<u>991,108</u>	<u>1,147,325</u>
TOTAL ASSETS	<u>\$ 996,245</u>	<u>\$ 2,161,321</u>	<u>\$ 2,003,385</u>	<u>\$ 1,154,181</u>
LIABILITIES:				
Due to other governments	<u>\$ 996,245</u>	<u>\$ 1,154,181</u>	<u>\$ 996,245</u>	<u>\$ 1,154,181</u>
TOTAL LIABILITIES	<u>\$ 996,245</u>	<u>\$ 1,154,181</u>	<u>\$ 996,245</u>	<u>\$ 1,154,181</u>
COUNTY ASSESSOR:				
ASSETS:				
Cash and investments	\$ 842,676	\$ 572,281	\$ 874,013	\$ 540,944
Taxes receivable	<u>559,478</u>	<u>685,934</u>	<u>559,478</u>	<u>685,934</u>
TOTAL ASSETS	<u>\$ 1,402,154</u>	<u>\$ 1,258,215</u>	<u>\$ 1,433,491</u>	<u>\$ 1,226,878</u>
LIABILITIES:				
Accounts payable	\$ 87	\$ 27	\$ 87	\$ 27
Salaries and benefits payable	2,342	3,464	2,342	3,464
Due to other governments	<u>1,399,725</u>	<u>1,223,387</u>	<u>1,399,725</u>	<u>1,223,387</u>
TOTAL LIABILITIES	<u>\$ 1,402,154</u>	<u>\$ 1,226,878</u>	<u>\$ 1,402,154</u>	<u>\$ 1,226,878</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES – AGENCY FUNDS (CONTINUED)
JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
COUNTY AGRICULTURAL EXTENSION:				
ASSETS:				
Cash and investments	\$ 900	\$ 263,543	\$ 262,624	\$ 1,819
Taxes receivable	<u>257,660</u>	<u>257,840</u>	<u>257,660</u>	<u>257,840</u>
TOTAL ASSETS	<u>\$ 258,560</u>	<u>\$ 521,383</u>	<u>\$ 520,284</u>	<u>\$ 259,659</u>
LIABILITIES:				
Due to other governments	<u>\$ 258,560</u>	<u>\$ 259,659</u>	<u>\$ 258,560</u>	<u>\$ 259,659</u>
TOTAL LIABILITIES	<u>\$ 258,560</u>	<u>\$ 259,659</u>	<u>\$ 258,560</u>	<u>\$ 259,659</u>
COUNTY HOSPITAL:				
ASSETS:				
Cash and investments	\$ 8,338	\$ 2,049,392	\$ 2,043,582	\$ 14,148
Taxes receivable	<u>2,003,657</u>	<u>2,134,565</u>	<u>2,003,657</u>	<u>2,134,565</u>
TOTAL ASSETS	<u>\$ 2,011,995</u>	<u>\$ 4,183,957</u>	<u>\$ 4,047,239</u>	<u>\$ 2,148,713</u>
LIABILITIES:				
Due to other governments	<u>\$ 2,011,995</u>	<u>\$ 2,148,713</u>	<u>\$ 2,011,995</u>	<u>\$ 2,148,713</u>
TOTAL LIABILITIES	<u>\$ 2,011,995</u>	<u>\$ 2,148,713</u>	<u>\$ 2,011,995</u>	<u>\$ 2,148,713</u>
MOTOR VEHICLE TRUST:				
ASSETS:				
Cash and investments	<u>\$ 254,868</u>	<u>\$ 3,719,236</u>	<u>\$ 3,642,309</u>	<u>\$ 331,795</u>
TOTAL ASSETS	<u>\$ 254,868</u>	<u>\$ 3,719,236</u>	<u>\$ 3,642,309</u>	<u>\$ 331,795</u>
LIABILITIES:				
Due to other governments	<u>\$ 254,868</u>	<u>\$ 331,795</u>	<u>\$ 254,868</u>	<u>\$ 331,795</u>
TOTAL LIABILITIES	<u>\$ 254,868</u>	<u>\$ 331,795</u>	<u>\$ 254,868</u>	<u>\$ 331,795</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES – AGENCY FUNDS (CONTINUED)
JUNE 30, 2020**

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
E911 SURCHARGE:				
ASSETS:				
Cash and investments	\$ 497,601	\$ 240,030	\$ 194,033	\$ 543,598
Accounts receivable	43,860	62,647	43,860	62,647
TOTAL ASSETS	<u>\$ 541,461</u>	<u>\$ 302,677</u>	<u>\$ 237,893</u>	<u>\$ 606,245</u>
LIABILITIES:				
Accounts payable	\$ 926	\$ 7,828	\$ 926	\$ 7,828
Due to other governments	540,535	598,417	540,535	598,417
TOTAL LIABILITIES	<u>\$ 541,461</u>	<u>\$ 606,245</u>	<u>\$ 541,461</u>	<u>\$ 606,245</u>
OTHER:				
ASSETS:				
Cash and investments	\$ 280,991	\$ 2,548,455	\$ 2,519,905	\$ 309,541
Taxes receivable	2,701	2,697	2,701	2,697
Due from other governments	24,540	22,129	24,540	22,129
TOTAL ASSETS	<u>\$ 308,232</u>	<u>\$ 2,573,281</u>	<u>\$ 2,547,146</u>	<u>\$ 334,367</u>
LIABILITIES:				
Accounts payable	\$ 225,844	\$ 2,126,060	\$ 2,099,497	\$ 252,407
Due to other governments	82,388	84,369	84,797	81,960
TOTAL LIABILITIES	<u>\$ 308,232</u>	<u>\$ 2,210,429</u>	<u>\$ 2,184,294</u>	<u>\$ 334,367</u>
TOTAL:				
ASSETS:				
Cash and investments	\$ 2,015,028	\$ 29,379,203	\$ 29,494,044	\$ 1,900,187
Accounts receivable	44,691	64,920	44,691	64,920
Taxes receivable	21,951,265	23,496,986	21,951,265	23,496,986
Due from other governments	24,540	22,129	24,540	22,129
TOTAL ASSETS	<u>\$ 24,035,524</u>	<u>\$ 52,963,238</u>	<u>\$ 51,514,540</u>	<u>\$ 25,484,222</u>
LIABILITIES:				
Accounts payable	\$ 226,857	\$ 2,133,915	\$ 2,100,510	\$ 260,262
Salaries and benefits payable	2,342	3,464	2,342	3,464
Due to other governments	23,806,325	25,222,905	23,808,734	25,220,496
TOTAL LIABILITIES	<u>\$ 24,035,524</u>	<u>\$ 27,360,284</u>	<u>\$ 25,911,586</u>	<u>\$ 25,484,222</u>

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS**

Modified Accrual Basis

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
REVENUES					
Property and other county tax	\$ 9,019,738	\$ 8,306,492	\$ 7,894,389	\$ 7,449,137	\$ 7,750,781
Tax increment financing collections	697,002	552,110	787,113	611,970	520,103
Interest and penalty on property tax	24,398	59,304	41,159	44,471	37,407
Intergovernmental	6,701,656	6,429,018	6,208,080	7,619,259	7,968,858
Licenses and permits	27,715	29,852	38,744	20,739	18,179
Charges for services	2,580,859	3,091,526	2,725,834	2,051,726	2,262,749
Use of money and property	656,172	715,842	565,616	898,280	975,692
Miscellaneous	938,965	866,163	1,397,499	173,434	245,473
Total	<u>\$ 20,646,505</u>	<u>\$ 20,050,307</u>	<u>\$ 19,658,434</u>	<u>\$ 18,869,016</u>	<u>\$ 19,779,242</u>
EXPENDITURES					
Current:					
Public safety and legal services	\$ 3,582,061	\$ 3,363,301	\$ 3,174,809	\$ 3,057,333	\$ 2,842,297
Physical health and social services	1,603,343	1,630,125	1,614,475	1,606,227	1,546,263
Mental health	1,906,857	1,381,517	1,066,150	1,056,856	1,281,593
County environment and education	2,053,178	1,695,782	1,417,070	1,390,515	1,560,424
Roads and transportation	7,100,979	6,058,338	5,268,895	4,696,918	5,373,187
Governmental services to residents	517,497	534,990	525,058	496,155	481,314
Administration	1,790,940	1,721,071	1,506,442	1,511,555	1,379,665
Nonprogram	726,195	1,514,083	1,540,391	1,101,009	773,044
Debt service	4,718,589	4,379,694	3,746,715	3,347,020	3,849,334
Capital projects	4,685,636	2,697,653	2,736,602	2,609,265	3,482,919
Total	<u>\$ 28,685,275</u>	<u>\$ 24,976,554</u>	<u>\$ 22,596,607</u>	<u>\$ 20,872,853</u>	<u>\$ 22,570,040</u>

Modified Accrual Basis

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 7,789,221	\$ 7,852,021	\$ 7,565,039	\$ 7,627,527	\$ 7,166,856
428,046	397,026	389,485	434,488	438,837
40,994	43,192	43,020	46,452	39,895
5,924,431	6,227,286	5,400,962	6,442,144	6,426,294
18,594	19,820	18,246	17,013	12,990
2,989,354	2,751,428	1,837,064	1,324,354	1,088,828
1,055,862	449,345	10,957	98,688	111,782
679,789	498,638	260,167	165,415	277,272
<u>\$ 18,926,291</u>	<u>\$ 18,238,756</u>	<u>\$ 15,524,940</u>	<u>\$ 16,156,081</u>	<u>\$ 15,562,754</u>
\$ 2,673,515	\$ 2,588,239	\$ 2,545,608	\$ 2,596,698	\$ 2,417,356
1,616,041	1,512,303	1,676,473	1,616,685	1,882,099
1,864,730	1,800,561	1,858,462	1,703,978	2,152,328
1,332,931	1,371,968	1,432,046	1,203,227	1,230,025
4,784,252	4,599,976	4,412,815	4,394,559	4,581,173
493,146	497,639	475,938	422,847	406,190
1,196,693	1,231,605	1,286,608	1,253,877	1,141,661
1,020,896	2,144,279	1,421,741	1,634,522	932,632
4,544,741	5,071,203	4,939,273	2,881,721	2,504,497
1,225,070	2,482,128	1,280,425	1,160,924	798,292
<u>\$ 20,752,015</u>	<u>\$ 23,299,901</u>	<u>\$ 21,329,389</u>	<u>\$ 18,869,038</u>	<u>\$ 18,046,253</u>

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REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Supervisors
Hamilton County
Webster City, Iowa

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton County (the County) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Hamilton County's basic financial statements, and have issued our report thereon dated October 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hamilton County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hamilton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hamilton County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020-001 through 2020-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamilton County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Hamilton County’s Responses to Findings

Hamilton County’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Hamilton County’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
October 26, 2020

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**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

Financial Statement Findings

2020-001 - Audit Adjustments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair representation in the financial statements in accordance with accounting principles generally accepted in the United States of America. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statement to correct material misstatements and produce accurate financial statements on a timely basis.

Condition/Context:

During the course of the audit, we proposed material adjustments to properly state notes receivable, accounts payable, insurance revenue and amounts due from other governments.

Cause:

The County has a limited number of personnel with limited financial reporting experience. The County does not have a formal process to ensure all capital asset additions are properly accounted for in the capital asset system. System generated reports are not reviewed for accuracy and completeness.

Effect:

Without adequate controls over financial reporting, there is a higher risk that misstatements that are more than inconsequential to the financial statements could occur and not be detected.

Recommendation:

We recommend that the County establish internal procedures to adjust all account balances at year-end. Transactions occurring subsequent to year-end should be reviewed to determine they are recorded in the appropriate period based on service dates. Receivables and payable balances should be compared to the prior year and unusual fluctuations should be reviewed to determine if the balance is complete.

Management Response:

Management will continue to work to reduce the need for audit adjustments.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Financial Statement Findings (continued)

2020-002 - Preparation of Financial Statements

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria: County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements including disclosures in accordance with Generally Accepted Accounting Principles (GAAP).

Condition/Context:

The County does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures, are complete, and presented in accordance with GAAP.

Cause: The County relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls in the normal course of business.

Recommendation:

Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Management Response:

The County will explore the options and cost effective feasibility of training existing personnel, or hiring/contracting additional personnel, to adequately prepare financial statements for the prevention or detection of a material misstatement in the annual financial statements of the County.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Financial Statement Findings (continued)

2020-003 - Maintenance of County Cash

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria: The Board of Supervisors has delegated the maintenance of all the County cash and investment accounts to the Treasurer's Office.

Condition/Context:

The County has not implemented procedures, to the degree necessary, to ensure the internal control structure that has been implemented over the cash accounts held in custody of the County Treasurer's Office are extended over the accounts held in the custody of the County by the various departments. In addition, the monthly reconciliation of bank balance to the book balance was not retained for all accounts.

Cause: The County does not have a policy indicating the process for tracking and reporting cash held in accounts outside of the treasurer's office.

Effect: As a result of this condition, there is a higher risk that financial transactions occurring on behalf of the county are not reflected in the financial statements.

Recommendation:

We recommend that the Treasurer's Office obtain monthly bank statements and reconciliations for any account not held by their office. The monthly statements and reconciliations should be reviewed to ensure accuracy and completeness. Deposits and withdrawals should be compared to the general ledger to ensure all activity running through the accounts is properly recorded. Reconciliations and supporting documentation should be retained and available for review.

Management Response:

The Treasurer's office will obtain the monthly statements and reconciliations, reviewing them to determine the activity was recorded properly.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Financial Statement Findings (continued)

2020-004 - Segregation of Duties – Internal Controls over Information Technology

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition/Context:

County personnel IT user rights have not been reviewed in recent years.

Cause: Size and budget constraints limiting the number of personnel within the Auditor's Office.

Effect: The design of the internal control over payroll function that could adversely affect the ability to initiate, authorize, record, process, summarize, and report financial data consistent with the assertion of management in the financial statements. This could include the lack of the ability to prevent or detect fraud or misappropriation of assets in a timely manner.

Recommendation:

The County should review user access rights on an annual basis and as changes in employment occur. Access should be restricted to avoid inadequate segregation of duties and prevent incompatible access rights. Access to add/modify vendors and pay rates should be limited to the least number possible while still maintaining operating effectiveness. Other users could then be assigned read or view only rights. Users could then view and work with data without having access to modify, add or delete transactions.

Management Response:

The County will work to implement procedures that incorporate controls over the accounting system to ensure access rights are limited to the extent possible.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Findings Related to Required State Statutory Reporting

- A. **IV-A-20 Certified Budget** – Disbursements during the year ended June 30, 2020 did not exceed the amended amounts budgeted.
- B. **IV-B-20 Questionable Expenditures** - We noted no expenditures for parties, banquets, or other entertainment for employees during the year ended June 30, 2020 that we believe may constitute unlawful expenditures from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- C. **IV-C-20 Travel Expense** - No expenditures of County money for travel expenses of spouses of County officials or employees were noted for the year ended June 30, 2020.
- D. **IV-D-20 Business Transactions** - We noted the rental of space by the County Attorney from his sister totaling approximately \$7,200.

Recommendation - The County should perform a competitive bid in accordance with Chapter 331.342(9) and (10) of the Code of Iowa.

Chapter 331.342(9) states "a contract made by competitive bid, publicly invited and opened, in which a member of a county board, commission, or administrative agency has an interest, if the member is not authorized by law to participate in the awarding of the contract. The competitive bid qualification of this subsection does not apply to a contract for professional services not customarily awarded by competitive bid."

Chapter 331.342(10) states "Contracts not otherwise permitted by this section, for the purchase of goods or services by a county, which benefit a county officer or employee, if the purchases benefiting that officer or employee do not exceed a cumulative total purchase price of one thousand five hundred dollars in a fiscal year."

Response - We will take the appropriate steps to ensure compliance with Chapter 331.342(9) and 331.342(10) of the Code of Iowa relating to the purchase of services that pose a potential conflict of interest.

- E. **IV-E-20 Bond Coverage** - Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- F. **IV-F-20 Board Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not.

**HAMILTON COUNTY
WEBSTER CITY, IOWA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Findings Related to Required State Statutory Reporting (Continued)

- G. **IV-G-20 Deposits and Investments** - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- H. **IV-H-20 Resource Enhancement and Protection Certification** - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- I. **IV-I-20 Solid Waste Fees Retained** - During the year ended June 30, 2020, the County used or retained fees in accordance with Chapter 455E.11(2),(11),(13) and (15) of the Code of Iowa. No instances of noncompliance were noted with respect to the administration of these activities.
- J. **IV-J-20 County Extension Office** - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the state of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.
- Disbursements during the year ended June 30, 2020 for the County Extension Office did not exceed the amount budgeted.
- K. **IV-K-20 Tax Increment Financing (TIF)** - For the year ended June 30, 2020, the County Auditor prepared reconciliations in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa.
- L. **IV-L-20 Annual Urban Renewal Report** - The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.